



Hundredth Legislature - First Session - 2007
Committee Statement
LB 106

Hearing Date: January 26, 2007
Committee On: Revenue

Introducer(s): (Engel)
Title: Change the tax on snuff

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Cornett, Dierks, Janssen, Langemeier, Preister, Raikes and White
0	No	
0	Present, not voting	
1	Absent	Senator Burling

Proponents:

Senator Pat Engel
Robert L. Shepherd
Bob Dill
Kathy Siefken

Representing:

Introducer
UST Public Affairs, Inc.
NE Association of Tobacco & Candy Distributors
NE Grocery Industry Associated

Opponents:

Bob Maples
James Moylan

Representing:

Swisher International, Inc.
Reynolds American

Neutral:

None

Representing:

Summary of purpose and/or changes:

LB 106 would amend the tobacco products tax act, sections 77-4001, 4007, 4014, and 4017, to change the tax on snuff from one based on the wholesale price of the product to a tax based on weight. Section 3 would define “snuff” as any finely cut, ground, or powered tobacco that is not intended to be smoked. This is a definition from federal law and includes chewing tobacco packaged in a tin. Sections 1, 2, and 4 would harmonize the change in definition.

Section 5 would amend the calculation of the tax so that snuff would be taxed at a rate of 50 cents per ounce or fraction thereof. If there is a product packaged in units of less than one ounce, the tax would still be 50 cents. The current tax of twenty percent of the wholesale price would be limited to all tobacco products other than snuff. All other tobacco products includes cigars, pipe tobacco, loose leaf tobacco and chewing tobacco that is not in a can.

Section 6 would require the Department of Revenue to change the returns to allow the reporting of the weight of the snuff imported into the state each quarter. Section 7 would require retailers to also list the weight of snuff sold on their returns. The bill would be operative October 1, 2007.

Explanation of amendments, if any:

The Committee amendments replace the bill with language to divide current tobacco products into two groups, one called “smoking tobacco” which includes tobacco products intended primarily for smoking, and “tobacco products” which are tobacco items primarily intended for chewing. Tobacco products are ordinarily sold by weight while smoking tobacco is not.

Under the Committee amendment, smoking tobacco would be taxed at 20 percent of the wholesale price. This is the current tax on all tobacco products so the tax would be unchanged for smoking tobacco.

Tobacco products would all be taxed at a rate of 65 cents per ounce, an increase from 50 cents as proposed by the bill.

Senator Ray Janssen, Chairperson